

Message Text

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FM AMEMBASSY NOUAKCHOTT

TO SECSTATE WASHDC 3887

AMEMBASSY PARIS

C O N F I D E N T I A L NOUAKCHOTT 1105

E.O. 11652: GDS - DECONTROL 3 JUNE 1978

TAGS: EINV EFIN MR FR

SUBJECT: SEQUESTRATION OF INTERNATIONAL BANK FOR MAURITANIA
(BIMA) -- POSSIBILITY OF NEGOTIATED SETTLEMENT

1. SUMMARY: MID-MAY VISIT OF FIRST NATIONAL CITY BANK
ATTORNEY DAVID MCGOVERN (OF SHERMAN AND STERLING, PARIS
BASED LAW FIRM) APPEARS TO HAVE PRODUCED MAJOR MOVEMENT
TOWARD SETTLEMENT OF BIAO/BIMA DISPUTE. MINISTER PLANNING HAS
PASSED WORD TO AMBASSADOR THAT GIRM WANTS TO NEGOTIATE
SETTLEMENT WITH AMERICAN SHAREHOLDERS ACTING FOR BIAO/BIMA.

2. BACKGROUD: "FAILURE" OF BIMA TO REPATRIATEACCUMULATED
MIFEROA EARNINGS PLUS SERIES OF MINOR INFRACTIONS OF FOREIGN
EXCHANGE REGULATIONS LED TO FEBRUARY SEQUESTRATION OF BIMA--
CLOSING DOWN OF BANK'S FOREIGN EXCHANGE DEPARTMENT AME
INSTALLATION OF CENTRAL BANK PERSONNEL AS MANAGERS OF
BIMA AND ITS BRANCH OFFICES.

3. DURIG TWO-DAY VIYGT TO NOUAKCHOTT MAY 12-15, MCGOVERN
EXAMINED OVERALL BIMA PROBLEM WITNWNISTER OF FINANCE,
GOVERNOR OF CENTRAL BANK, AND SEQUESTRATOR, AND DISCUSSED
BOTH GENERAL PROBLEM AND SPECIFIC LEGAL ACTIONS AGAINST
BANK AND AGAINST FORMER FRENCH ATIONAL OANAGER WITH
EXAMINING MAGISTRATE, PROSECUTOR, SHERMAN & STERLING'S
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CORRESPONDENT LAWAYER, AND OTHER MEMBERS LOCAL LEGAL FRATERNITY.

MCGOVERN INFORMED AMBASSADOR HE HAD (A) BROUGHT NEWS OF RECENT "RETIREMENTS" OF BIAO PRESIDENT ROC AND DIRECTOR GENERAL DUHAMEL; (B) MADE THREE PRINCIPAL POINTS IN ALL HIS CONVERSATIONS: (I) NEGOTIATED SETTLEMENT IS CLEARLY IN INTEREST OF ALL CONCERNED; (II) SHERMAN & STERLING HAVE ADVISED THEIR CLIENT (FIRST NATIONAL CITY BANK WHICH OWNS 49 PERCENT OF BIMA) TO PROCEED AGAINST MIFERMA AND ITS SUCCESSOR SNIM (GIRM INDUSTRIAL HOLDING COMPANY) IMMEDIATELY UPON RECEIPT OF ANY ADVERSE JUDGMENT AGAINST BIMA, AN ACTION WHICH WOULD TAKE COURTS AT LEAST TWO YEARS TO ADJUDICATE; AND (III) HE HAD RESEARCHED LEGAL MOVES TAKEN BY ANGLO-IRANN IN EARLY 1950S TO TIE UP CARGOES OF NATIONALIZED IRANIAN OIL, AND HAD CONCLUDED SAME COLLECTION OF LEGAL ACTIONS WAS AVAILABLE FOR USE AGAINST OCEAN-GRAPHIC IRON ORE CARRIERS; AND (C) HAD CONCLUDED HIS DISCUSSIONS BY URGING ALL CONCERNED TO CONSIDER OUT-OF-COURT SETTLEMENT ACTIVELY AND SERIOUSLY. MINISTER OF FINANCE QUICKLY AGREED THAT SETTLEMENT APPEARED DESIRABLE, PARTICULARLY SINCE ONE OF GIRM'S PRIMARY MOTIVES WAS TO LAY HANDS ON OUTSTANDING, UNREPAIRED TWENTY MILLION DOLLARS AS QUICKLY AS POSSIBLE. OTHERS LISTENED CLOSELY.

4. MCGOVERN ALSO SPENT CONSIDERABLE TIME WITH FORMER MANAGER (WHO IS UNDER COUNTRY ARREST AND FACED WITH LEGAL ACTION AGAINST HIM AS INDIVIDUAL) AND SIX OTHER EXPATRIATE EMPLOYEES LOCATED IN NOUAKCHOTT AND NOUADHIBOU. HAND-HOLDING OPERATION SERVED TO REASSURE ALL GREATLY AND ELICITED PRAISE FOR CONCERN SHOWN BY AMERICAN SHAREHOLDERS OF BIAO FOR BIMA PERSONNEL IN CONTRAST TO STUDIED INDIFFERENCE OF FRENCH.

5. IMPACT OF MCGOVERN VISIT HAS NOW RIPENED INTO OFFICIAL ALREADY INFORMAL ACTION. ON JUNE 1 'ABD AR-RAHMAAN OULD DADDAH (COUSIN OF PRESIDENT, CLASSMATE AND CLOSE CONFIDENT OF MAURITANIAN AMBASSADOR TO US ABDALLAH AND MINISTER OF PLANNING SIDI ABDALLAH, AND FREQUENT HOUSEGUEST FOR EXTENDED PERIODS OF FOREIGN MINISTER MOUKNASS) PASSED WORD TO AMBASSADOR ON BEHALF OF PLANNING MINISTER THAT GIRM WANTS TO NEGOTIATE SETTLEMENT OF BIMA DISPUTE WITH PARENT BANK 'ABD AR-RAHMAAN INDICATED THAT DEVELOPMENT WHICH HAD BROKEN LOGJAM WAS FIRING OF ROC (WHO HAD WRITTEN TWO UNACCEPTABLE "SOIS-SAGE" LETTERS TO PRESIDENT MOKTAR) AND DUHAMEL (WHO HAD CONFIDENTIAL

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PARTICULARLY RILED GIRM OFFICIALS BY HIS NEGOTIATION OF WRITTEN SETTLEMENT "AGREEMENT" IN JANUARY WHICH BIAO BOARD SUBSEQUENTLY REPUDIATED).

6. 'ABDAR-RAHMAAN TOLD AMBASSADOR GIRM STOOD READY "TO NEGOTIATE SETTLEMENT WITH AMERICANS", BELIEVING I CAN REACH REASONABLE AGREEMENT WITH PRACTICAL AMERICANS WHO ARE AT SAME TIME FREE OF COLONIAL MENTALITY AND PREJUDICES AND

INTERESTED FOR PROFIT REASONS IN MUTUAGGY SATISFACTORY
RESOLUTION OF PROBLEM. HE MADE IT CLEAR GIRM DOES NOT
RPT NOT WANT TO DEAL WITH FRENCH. HE ALSO MADE IT EXPLICITLY
CLEAR THAT GIRM WANTS TO DEAL WITH "AMERICAN AMERICANS", NOT
EUROPEAN RE-TREADS WHO MAY NOW HAVE US PASSPORTS. (INDEED,
'ABD AR-RAHMAAN SPECIFICALLY STATED THAT GIRM DOES NOT RPT
NOJWISH TO DEAL WITH DUTCH-BORN FNCB OFFICIAL DENIS DE
MINNICH, ASSERTING LATTER IS "COLON MINDED".) HECONCLUDED
HIS MESSAGE WITH OBSERVATION THAT FINAL DECISION ON
SETTLEMENT WOULD BE MADE BY MINISTER OF PLANNING NOT RPT
NOT BY GOVERNOR OF CENTRAL BANK. SINCE LATTER IS CORDIALLY
DISLIKED GENERALLY BY RISING YOUNG TECHNOCRATS AND BUSINESSMEN--
INCLUDING SPECIFICALLY 'ABD AR-RAHMAAN--LATTER ASSERTION MAY
BE OPEN TO QUESTITC.

7. FOR DEPARTMENT: PLEASE RELAY GIRM'S BID FOR SETTLEMENT
PLUS NEGOTIATING PRECISIONS IN PARA 5 TO ROBERT E. TERKHORN,
VICE PRESIDENT AT FNCB IN NEW YORK.

8. FOR PARIS: PLEASE PASS SAME MESSAGE TO DAVID MCGOVERN
AND TIM WOOD, FNCB REPRESENTATIVE ON BIMA BOARD, STRESSING
GIRM'S INSISTENCE ON AMERICAN INTERLOCUTORS, AND NOTING
FAILURE TO RECOGNIZE INTENSITY OF GIRM FEELINGS ON THIS POINT
COULD JEOPARDIZE POSSIBILITY OF NEGOTIATED SETTLEMENT. REQUEST
YOU ALSO INFORM MCGOVERN AND WOOD THAT MINISTER PLANNING IS
SLATEE TO BE IN PARIS LATTER PART OF NEXT WEEK (CIRCA JUNE 12)
ON OTHER GIRM BUSINESS. HANDYSIDE

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